

Senate File 2153 - Introduced

SENATE FILE 2153

BY WARNSTADT

A BILL FOR

1 An Act relating to the school finance formula by requiring
2 computation of the foundation property tax levy, increasing
3 the regular program and special education support services
4 foundation bases, and including effective date and
5 applicability provisions.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.1, subsection 2, paragraph b, Code
2 2009, is amended to read as follows:

3 b. (1) For the budget year commencing July 1, ~~1999~~ 2012,
4 and for each succeeding budget year, the regular program
5 foundation base per pupil is ~~eighty-seven and five-tenths~~ one
6 hundred percent of the regular program state cost per pupil.
7 For the budget year commencing July 1, ~~1991~~ 2012, and for
8 each succeeding budget year, the special education support
9 services foundation base is ~~seventy-nine~~ one hundred percent
10 of the special education support services state cost per
11 pupil. The combined foundation base is the sum of the regular
12 program foundation base, the special education support services
13 foundation base, the total teacher salary supplement district
14 cost, the total professional development supplement district
15 cost, the total early intervention supplement district cost,
16 the total area education agency teacher salary supplement
17 district cost, and the total area education agency professional
18 development supplement district cost.

19 (2) For the budget year commencing July 1, 2012, and each
20 succeeding budget year, the foundation property tax levy shall
21 be annually determined by the department of management in an
22 amount which maintains the same proportion of state foundation
23 aid and property taxation on a statewide basis as it existed
24 for the budget year beginning July 1, 2011.

25 Sec. 2. Section 257.3, subsection 1, Code 2009, is amended
26 to read as follows:

27 1. *Amount of tax.*

28 a. Except as provided in subsections 2 and 3, a school
29 district shall cause to be levied each year, for the school
30 general fund, a foundation property tax ~~equal to five dollars~~
31 ~~and forty cents~~ as calculated in section 257.1, subsection 2,
32 paragraph "b", per thousand dollars of assessed valuation on all
33 taxable property in the district.

34 b. The county auditor shall spread the foundation levy over
35 all taxable property in the district.

1 c. The amount paid to each school district for the tax
2 replacement claim for industrial machinery, equipment and
3 computers under section 427B.19A shall be regarded as property
4 tax. The portion of the payment which is foundation property
5 tax shall be determined by applying the foundation property tax
6 rate to the amount computed under section 427B.19, subsection
7 3, paragraph "a", as adjusted by paragraph "d", if any
8 adjustment was made.

9 d. Replacement taxes under chapter 437A shall be regarded as
10 property taxes for purposes of this chapter.

11 Sec. 3. Section 257.3, subsection 2, paragraphs a and b,
12 Code 2009, are amended to read as follows:

13 a. Notwithstanding subsection 1, a reorganized school
14 district shall cause a reduced foundation property tax of
15 ~~four dollars and forty cents per thousand dollars of assessed~~
16 ~~valuation~~ to be levied on all taxable property which, in the
17 year preceding a reorganization, was within a school district
18 affected by the reorganization as defined in section 275.1,
19 or in the year preceding a dissolution was a part of a school
20 district that dissolved if the dissolution proposal has
21 been approved by the director of the department of education
22 pursuant to section 275.55.

23 b. ~~In succeeding school years, the foundation property~~
24 ~~tax levy on that portion shall be increased to the rate of~~
25 ~~four dollars and ninety cents per thousand dollars of assessed~~
26 ~~valuation the first succeeding year, five dollars and fifteen~~
27 ~~cents per thousand dollars of assessed valuation the second~~
28 ~~succeeding year, and five dollars and forty cents per thousand~~
29 ~~dollars of assessed valuation the third succeeding year and~~
30 ~~each year thereafter.~~ The amount of the reduction from the
31 foundation property tax shall be determined by the department
32 of management in an amount corresponding to one dollar per
33 thousand dollars of assessed valuation for the budget year in
34 which the reorganization or dissolution takes place, fifty
35 cents per thousand dollars of assessed valuation for the first

1 succeeding year, and twenty-five cents per thousand dollars of
2 assessed valuation for the second succeeding year. Beginning
3 in the third succeeding year, the foundation property tax
4 shall be levied at the rate otherwise applicable had the
5 reorganization or dissolution not taken place.

6 Sec. 4. Section 425A.3, subsection 1, Code 2009, is amended
7 to read as follows:

8 1. The family farm tax credit fund shall be apportioned
9 each year in the manner provided in this chapter so as to give
10 a credit against the tax on each eligible tract of agricultural
11 land within the several school districts of the state in which
12 the levy for the general school fund exceeds ~~five dollars and~~
13 ~~forty cents per thousand dollars of assessed value~~ the amount
14 specified in section 257.1, subsection 2, paragraph "b". The
15 amount of the credit on each eligible tract of agricultural
16 land shall be the amount the tax levied for the general school
17 fund exceeds the amount of tax which would be levied on each
18 eligible tract of agricultural land were the levy for the
19 general school fund ~~five dollars and forty cents per thousand~~
20 ~~dollars of assessed value~~ the amount specified in section
21 257.1, subsection 2, paragraph "b", for the previous year.
22 However, in the case of a deficiency in the family farm tax
23 credit fund to pay the credits in full, the credit on each
24 eligible tract of agricultural land in the state shall be
25 proportionate and applied as provided in this chapter.

26 Sec. 5. Section 425A.5, Code 2009, is amended to read as
27 follows:

28 **425A.5 Computation by county auditor.**

29 The family farm tax credit allowed each year shall be
30 computed as follows: On or before April 1, the county auditor
31 shall list by school districts all tracts of agricultural
32 land which are entitled to credit, the taxable value for the
33 previous year, the budget from each school district for the
34 previous year, and the tax rate determined for the general fund
35 of the school district in the manner prescribed in section

1 444.3 for the previous year, and if the tax rate is in excess of
2 ~~five dollars and forty cents per thousand dollars of assessed~~
3 ~~value~~ the amount specified in section 257.1, subsection 2,
4 paragraph "b", the auditor shall multiply the tax levy which is
5 in excess of ~~five dollars and forty cents per thousand dollars~~
6 ~~of assessed value~~ the amount specified in section 257.1,
7 subsection 2, paragraph "b", by the total taxable value of the
8 agricultural land entitled to credit in the school district,
9 and on or before April 1, certify the total amount of credit
10 and the total number of acres entitled to the credit to the
11 department of revenue.

12 Sec. 6. Section 426.3, Code 2009, is amended to read as
13 follows:

14 **426.3 Where credit given.**

15 The agricultural land credit fund shall be apportioned each
16 year in the manner hereinafter provided so as to give a credit
17 against the tax on each tract of agricultural lands within the
18 several school districts of the state in which the levy for the
19 general school fund exceeds ~~five dollars and forty cents per~~
20 ~~thousand dollars of assessed value;~~ the amount specified in
21 section 257.1, subsection 2, paragraph "b". The amount of such
22 credit on each tract of such lands shall be the amount the tax
23 levied for the general school fund exceeds the amount of tax
24 which would be levied on said tract of such lands were the levy
25 for the general school fund ~~five dollars and forty cents per~~
26 ~~thousand dollars of assessed value for the previous year~~ the
27 amount specified in section 257.1, subsection 2, paragraph "b",
28 except in the case of a deficiency in the agricultural land
29 credit fund to pay said credits in full, in which case the
30 credit on each eligible tract of such lands in the state shall
31 be proportionate and shall be applied as hereinafter provided.

32 Sec. 7. Section 426.6, unnumbered paragraph 1, Code 2009,
33 is amended to read as follows:

34 The agricultural land tax credit allowed each year shall be
35 computed as follows: On or before April 1, the county auditor

1 shall list by school districts all tracts of agricultural
2 lands which are entitled to credit, together with the taxable
3 value for the previous year, together with the budget from
4 each school district for the previous year, and the tax rate
5 determined for the general fund of the district in the manner
6 prescribed in section 444.3 for the previous year, and if such
7 tax rate is in excess of ~~five dollars and forty cents per~~
8 ~~thousand dollars of assessed value~~ the amount specified in
9 section 257.1, subsection 2, paragraph "b", the auditor shall
10 multiply the tax levy which is in excess of ~~five dollars and~~
11 ~~forty cents per thousand dollars of assessed value~~ the amount
12 specified in section 257.1, subsection 2, paragraph "b", by
13 the total taxable value of the agricultural lands entitled to
14 credit in the district, and on or before April 1, certify the
15 amount to the department of revenue.

16 Sec. 8. EFFECTIVE DATE AND APPLICABILITY. The sections of
17 this Act amending sections 257.1 and 257.3 take effect January
18 1, 2012, and apply to school budget years beginning on or after
19 July 1, 2012.

20 Sec. 9. EFFECTIVE DATE AND APPLICABILITY. The sections of
21 this Act amending sections 425A.3, 425A.5, 426.3, and 426.6
22 take effect January 1, 2013, and apply to taxes due and payable
23 in fiscal years beginning on or after July 1, 2013.

24 EXPLANATION

25 This bill increases and modifies the levels and methods of
26 computation of the foundation property tax levy and the regular
27 program foundation base within the school finance formula.

28 With each budget year, beginning with the budget year
29 commencing July 1, 2012, the department of management shall
30 determine the foundation property tax levy in an amount which
31 maintains the same proportion of state foundation aid and
32 property taxation on a statewide basis as it existed for the
33 budget year beginning July 1, 2011.

34 The bill provides for an increase in the regular program
35 foundation base and the special education support services

1 foundation base under the state school foundation program from
2 the current foundation bases of 87.5 percent and 70 percent,
3 respectively, to 100 percent. The foundation base is the
4 specified percentage of the state cost per pupil calculation
5 which is paid as state aid to school districts, above the
6 foundation property tax.

7 Currently, a district which reorganizes or dissolves
8 qualifies for a reduced foundation property tax level, which
9 gradually increases over the next succeeding budget years
10 following the reorganization or dissolution. The bill modifies
11 these provisions such that the amount of the reduction shall
12 be determined annually by the department of management in an
13 amount corresponding to \$1 per thousand dollars of assessed
14 valuation in the initial year of the reorganization or
15 dissolution, 50 cents in the first succeeding year, and 25
16 cents in the second succeeding year, after which the level
17 shall be increased to the level which would otherwise be
18 applicable in the event that a reorganization or dissolution
19 had not occurred.

20 The bill makes conforming changes to provisions of the
21 family farm property tax credit and the agricultural land
22 property tax credit contained in Code chapters 425A and 426,
23 relating to the change in the computation of the foundation
24 property tax levy.

25 The bill provides that provisions increasing the regular
26 program foundation base and the special education support
27 services foundation base, and providing for computation of the
28 foundation property tax levy, take effect January 1, 2012, and
29 apply to school budget years beginning on or after July 1,
30 2012.

31 The bill provides that the sections of the bill amending
32 provisions relating to the family farm tax credit and the
33 agricultural land tax credit take effect January 1, 2013, for
34 taxes due and payable in fiscal years beginning on or after
35 July 1, 2013.